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SUBJECT: NIGERIA SIGNS VIRGIN AIRLINES DEAL; AVIATION  
UNION VOWS TO PREVENT AIRCRAFT FROM FLYING ABSENT  
PAYMENT OF BACK WAGES

Reftel: Lagos 1905

1. Summary. The Government of Nigeria signed September 28 a partnership deal between Nigeria Airways (NA) and Virgin Atlantic Airways (reftel), creating Virgin Nigeria. The new carrier anticipates beginning operations early 2005. The Federal High Court ordered liquidation of NA assets July 9. NA employees have been demonstrating outside the domestic terminal of Murtala Muhammed International Airport (MMIA) for the past several days demanding payment of back wages/pensions and that the new carrier retain some existing employees. The Aviation Unions Grand Alliance (AUGA) has vowed to prevent the new carrier from flying pending resolution of these issues. Airport operations are not impacted by the current NA demonstration. End summary.

Hurried Virgin Nigeria Signing Ceremony

2. (U) GON officials and Virgin Group president Richard Branson signed the Virgin Nigeria partnership September 28. It was initially planned that President Obasanjo and Branson would ink the deal during a televised news conference on Nigeria's October 1 Independence day. The public's lukewarm reception to the Virgin deal and on-going protest by NA employees may have played a role in the government's more understated publicity relating to the deal.

Police Lock Out Nigeria Airways Employees

3. (U) Disgruntled NA employees have been rallying at company headquarters outside the domestic terminal of Murtala Muhammed International Airport since Monday, September 27. The employees are demanding payment of back salaries and pensions.

4. (U) The Nigerian police quietly took up watch at the NA headquarters Sunday September 26. Though NA is operationally defunct, according to Assistant General Manager for Public Affairs, Obi Aseme, many of its employees are still reporting to work. When employees arrived on September 27 to report for duty, police blocked their entry. The court-appointed liquidator of NA assets, Babington Ashaye, reportedly asked for government assistance in assuring the take over of the property after NA employees foiled several previous attempts. The group of employees quickly transformed into an emotionally charged demonstration as the NA employees worried the shut out signaled that their unpaid wages and pensions would never be recouped. While the lock-out has been mostly peaceful, on September 30 police discharged tear gas in an unsuccessful attempt to disperse the crowd.

Umbrella Aviation Union Vows To Ground New Carrier If Labor Demands Are Not Met

5. (U) Aviation Unions Grand Alliance (AUGA) representatives vowed to prevent the new Virgin Nigeria carrier from operating, pending satisfactory resolution of NA employees compensatory claims. AUGA representatives told Consulate Lagos approximately 1600 former NA employees and 2300 pensioners have not been paid in 18 months and 26 months respectively. The representatives fear the Virgin Nigeria deal will not only ensure that NA employees and pensioners are never paid back payments, but also result in layoffs of large numbers of NA employees. AUGA sees the Virgin Nigeria deal as a bad solution. They expect the new carrier will repatriate most profits to the UK and that it will hire few Nigerian employees. (Note: AUGA is the umbrella labor organization of the National Association of Aircraft Pilots and Engineers (NAAPE), Air Transport Services Senior Staff Association of Nigeria (ATSSSAN), and National Union of Air Transport Employees (NUATE) End Note).

Security at Murtala Muhammed International Airport Not

Compromised

17. (U) The NA demonstration is contained in an area outside of airport property near the MMIA domestic terminal. Reports of police presence range from 200-300 armed mobile police officers. Tensions are reportedly high at the demonstration site. According to Federal Aviation Authority of Nigeria contacts, the tear gas used September 30 affected a large area around the domestic terminal. However, there are no reported disturbances of airport use, local vehicular traffic, or flights.

18. (U) Comment: The outstanding labor issue casts a shadow over the Virgin Nigeria deal and could possibly affect the schedule to begin operations early 2005. Thus far the new partnership team has not stated its position on whether it is prepared to settle back payments owed to NA employees and pensioners. Over the longer term, Virgin Nigeria's possible lack of access to the Nigeria-U.S. transatlantic route could be a much larger obstacle. End comment.

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